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IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

14. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share

	Year ended July 31		
	2003	2002	2001
	(in thousands, except per share data)		
Numerator			
Net income (loss)	\$(17,517)	\$(303,349)	\$532,359
Denominator			
Weighted-average number of shares used in calculation of earnings per share—Basic	80,176	75,108	68,301
Effect of stock options	—	—	6,485
Weighted-average number of shares used in calculation of earnings per share—Diluted	80,176	75,108	74,786
Earnings per share			
Basic	\$ (0 22)	\$ (4 04)	\$ 7 79
Diluted	\$ (0 22)	\$ (4 04)	\$ 7 12

The following securities have been excluded from the dilutive per share computation as they are antidilutive

	Year ended July 31		
	2003	2002	2001
	(in thousands)		
Stock options	16,167	14,159	1,163
Contingently issuable shares	320	369	—
Total	16,487	14,528	1,163

15. Gain on Sales of Subsidiary Stock

On April 17, 2003, a subsidiary of Liberty Media purchased from IDT Media 88,235 newly-issued shares of IDT Media's Class A common stock, at a price of \$283,334 per share, representing an aggregate cash purchase price of \$25.0 million. IDT Media operates several media and entertainment-related businesses, including a digital animation production company, a talk radio syndication network, a talk-radio station in the Washington, D.C. metropolitan area, and a call center business. As a result of this sale of subsidiary stock, the Company's ownership percentage in IDT Media decreased from 100% to 94.4%.

The Company has historically accounted for sales of stock of its subsidiaries in accordance with Staff Accounting Bulletin No. 51, *Accounting for Sales of Stock by a Subsidiary*, which permits the Company to record the excess of its carrying value in the equity of its subsidiaries as a gain. Accordingly, in connection with this sale, the Company recognized a gain of \$22.4 million. Deferred taxes of \$9.0 million have been provided on the gain.

In August 2000, IDT sold 14.9 million shares of Net2Phone common stock at \$75.00 per share. Net proceeds to the Company as a result of this sale were \$1,042.1 million. The Company's ownership interest in Net2Phone as a result of this transaction decreased from 45.0% to 16%. During the year ended July 31, 2001, the Company recorded a total gain of \$1,037.7 million in conjunction with this transaction.

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IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

16 Comprehensive Income (Loss)

The accumulated balances for each classification of comprehensive income (loss) were as follows (in thousands)

	Unrealized gain (loss) in available-for- sale securities	Foreign currency translation	Accumulated other comprehensive loss
Beginning balance at July 31, 2000	\$ (94,044)	\$ 1,391	\$ (92,653)
Change during period	91,507	(1,429)	90,078
Balance at July 31, 2001	(2,537)	(38)	(2,575)
Change during the period	1,075	(935)	140
Balance at July 31, 2002	(1,462)	(973)	(2,435)
Change during the period	(5,931)	286	(5,645)
Balance at July 31, 2003	\$ (7,393)	\$ (687)	\$ (8,080)

17. Price Guarantee of Class B Common Stock

In March 2001, the Company exercised an option to sell to AT&T approximately 2.0 million shares of its Class B common stock for approximately \$74.8 million. In conjunction with the formation of the NTOP LLC, in October 2001, IDT guaranteed to AT&T the value of approximately 1.4 million shares of the IDT Class B common stock that was still being retained by AT&T. The guarantee provided that if the value of IDT Class B common stock was less than \$27.5 million on October 19, 2002, and AT&T or an affiliate retained all the shares through such date, then IDT would be obligated to pay AT&T the difference between \$27.5 million and the then-current market price with cash, additional shares of IDT Class B common stock, or a combination of both, at the option of IDT. In December 2002, the Company and AT&T amended the guarantee to provide that if the value of IDT Class B common stock retained by AT&T and/or certain of its affiliates is less than \$29.4 million on December 31, 2003, IDT would be obligated to pay to AT&T (in cash, additional shares of Class B common stock, or a combination of both, at the option of IDT) the difference between \$29.4 million and the then-current market price of such retained shares. As a result of this amendment, IDT was not required to make any payments in respect of the price guarantee to AT&T during Fiscal 2003. In connection with this obligation, the Company recorded in "investment and other income (expense)" a \$0.5 million reversal and a \$5.3 million charge during the years ended July 31, 2003 and 2002, respectively. This reversal and charge was based on changes in the market value of IDT Class B common stock through July 31, 2003 and 2002, respectively. Based on the closing price of IDT Class B common stock on July 31, 2003 and 2002, the Company's total liability to AT&T for the guarantee was \$4.8 million and \$5.3 million, respectively.

18. Settlement by Net2Phone of Litigation

On March 19, 2002, Net2Phone and its ADIR Technologies, Inc. subsidiary filed suit in the United States District Court for the District of New Jersey against Cisco Systems, Inc. and a Cisco executive who had been a member of ADIR's board of directors. The suit arose out of the relationships that had been created in connection with Cisco's and Net2Phone's original investments in ADIR and out of ADIR's subsequent purchase of NetSpeak, Inc. in August 2001. Net2Phone and ADIR settled the suit and all related claims against Cisco and the Cisco executive in exchange for (i) the transfer, during the first quarter of Fiscal 2003, to Net2Phone of Cisco's and Softbank Asia Infrastructure Fund's respective 11.5% and 7.0% interests in ADIR, and (ii) the payment by Cisco, during such quarter, of \$19.5 million to Net2Phone and ADIR. As a result of this settlement, Net2Phone recognized for the quarter ended October 31, 2002, a gain of \$58.4 million consisting of (i) a \$38.9 million

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IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

reduction in minority interests as a result of the transfer of the ADIR shares and (ii) the receipt of settlement proceeds of \$19.5 million. During the second quarter of Fiscal 2003, Net2Phone recorded an additional \$0.4 million in executive compensation expense directly related to the Cisco settlement.

19. Restructuring, Severance and Impairment Charges

The following table summarizes the charges included in restructuring, severance and impairment charges in the consolidated statements of operations:

		Year ended July 31,		
		2003	2002	2001
		(in thousands)		
Net2Phone				
Workforce reductions		\$ 4,115	\$ 13,882	\$ —
Exit and other costs		3,970	16,976	—
Separation agreements of former CEO, CFO and COO		2,877	12,623	—
Impairment charges		1,550	99,710	—
Loss on assets held for sale		265	—	—
Reserve adjustments		(5,415)	—	—
IDT				
Tycom impairment		—	110,400	193,400
Equipment impairment		5,950	3,910	5,957
Total		<u>\$13,312</u>	<u>\$257,501</u>	<u>\$199,357</u>

Workforce Reductions

On October 24, 2002, Net2Phone announced that it was reducing its staff by approximately 20%, or 55 employees. This staff reduction was primarily focused on consolidating Net2Phone's development and support organizations and scaling back development activities that were not critical to revenue generating business lines. Net2Phone had an additional workforce reduction of 8 employees in the fourth quarter of Fiscal 2003. Of the \$4.1 million of severance related charges incurred in Fiscal 2003, approximately \$4.0 million was the result of these two staff reduction initiatives.

In November 2001, Net2Phone announced plans to restructure its operations, which included the elimination of various lines of development business related to Voice Hosting products and specific Enterprise products, relocation of certain facilities, and a reduction in workforce of approximately 270 employees. As a result of this restructuring, there was a charge of \$6.2 million recorded in Fiscal 2002 related to the workforce reduction. All 270 employees were terminated in November 2001 when the plan was announced.

In February 2002, ADIR announced a reduction in workforce of approximately 60 employees. ADIR reduced its workforce since much of its business plans and activities focused on developing software for Cisco and an impasse was reached with Cisco refusing to honor commitments provided to Net2Phone during ADIR's formation. ADIR recorded a charge of approximately \$1.3 million in Fiscal 2002 related to the terminated employees.

Also in February 2002, Net2Phone announced plans to reduce its workforce by approximately 85 employees or 28%. Net2Phone underwent a significant restructuring process, identifying business lines that required lower

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IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

capital expenditures and provided a greater return on investment with higher margins. As such, Net2Phone significantly reduced its workforce and scaled back certain unprofitable businesses, including its disposable calling card business and wholesale termination business. By reducing its workforce and eliminating some associated allocated costs, Net2Phone was able to retain the profitable calling cards and terminating routes. Net2Phone recorded a severance charge of approximately \$3.5 million in Fiscal 2002 relating to the workforce reduction.

In April 2002, Net2Phone communicated plans to further reduce its workforce by 20 employees. Net2Phone scaled back its technical development team, which had been working on projects related to the restructured businesses. Net2Phone recorded severance of approximately \$0.9 million in Fiscal 2002 related to this additional workforce reduction.

As a result of unresolved negotiations with Cisco, ADIR announced an additional reduction of workforce of 30 employees in May 2002, which resulted in severance charges of \$2.0 million in Fiscal 2002.

Exit and Other Costs

During Fiscal 2003, Net2Phone incurred exit and other costs of approximately \$4.0 million. These included \$1.9 million for the write off of fixed assets that Net2Phone was unable to deploy in its network, \$1.6 million relating to lease termination costs on various leases, including ADIR's Boca Raton lease, which was ultimately terminated on May 8, 2003, and \$0.5 million relating to the sale of its web-based banner advertising business in Fiscal 2002.

As a result of the Fiscal 2002 restructurings, Net2Phone eliminated various equipment and network build-outs, and incurred costs to exit connectivity agreements. These exit activities resulted in total costs of approximately \$7.9 million. The restructurings also led to the reduction of operations at various Net2Phone and ADIR locations. As a result, Net2Phone and ADIR incurred lease related exit costs, which totaled approximately \$6.3 million. Also in Fiscal 2002, Net2Phone exited its web-based banner advertising business by selling its assets and the assets of Mail.com to the management group of this division. As a result of the transaction, Net2Phone incurred a \$1.8 million loss and retained a 10 percent equity interest in the entity formed to acquire the business. Partially offsetting these Fiscal 2002 exit costs was a favorable mark-to-market adjustment relating to the Aplio settlement obligations.

Also, in Fiscal 2002, Net2Phone recorded \$1.6 million of legal and other expenses related to the ADIR settlement.

Separation Agreements of Net2Phone's Former CEO, CFO and COO

In October 2001, Howard Balter resigned as Net2Phone's Chief Executive Officer. Pursuant to an agreement between Mr. Balter and Net2Phone, Mr. Balter waived various rights under his employment agreement, entered into a 30-month restrictive non-compete covenant and agreed to provide consulting services for a 15 month period, all in exchange for settlement of various loans from Net2Phone and the guarantee of continued benefits for a similar period. In addition, Mr. Balter's options were repriced at the conclusion of the first three months of the consultancy period. Mr. Balter waived all rights to assert any claims against Net2Phone and ADIR relating to his employment agreement with Net2Phone. The aggregate principal amount of Mr. Balter's borrowings from Net2Phone and ADIR was \$4.4 million. In addition, Net2Phone had guaranteed the repayment of a bank loan to Mr. Balter in the principal sum of \$5.0 million. Net2Phone repaid the bank loan and forgave \$2.0 million of the other indebtedness after the completion of the first three months of his consulting period and agreed to forgive the balance after the completion of the entire consulting period. As a result of this agreement, there were charges of \$9.5 million in Fiscal 2002. The charge primarily consists of \$3.9 million for the repricing of options, \$5.4 million of loan forgiveness, and approximately \$0.2 million of amortization of the

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IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

non-compete covenant which was valued at \$0.8 million. During Fiscal 2003, an additional \$1.9 million was recorded relating to Mr. Balter's separation agreement. There will be future charges of approximately \$0.2 million relating to this separation agreement.

In January 2002, Ilan Slasky tendered his resignation as Net2Phone's Chief Financial Officer. Mr. Slasky's resignation became effective upon his successor's assumption of the responsibility in March 2002. Pursuant to an agreement between Mr. Slasky and Net2Phone, Mr. Slasky waived all of his rights under his employment agreement, entered into a 2 year restrictive non-compete covenant and agreed to provide consulting services for a 4 year period, all in exchange for settlement of various loans with Net2Phone and the guarantee of continued benefits for a similar period. In addition, Mr. Slasky's options were repriced on January 31, 2002. Of the 300,000 options repriced at this time, 232,000 were exercised immediately. The remaining 68,000 options were exercised during the second quarter of Fiscal 2003. The aggregate principal sum of Mr. Slasky's borrowings from Net2Phone was \$1.5 million. Net2Phone agreed to forgive these borrowings in four equal installments upon the completion of each of the four years of his consulting arrangement. Net2Phone recorded charges of \$2.7 million for Fiscal 2002 and \$0.6 million for Fiscal 2003, and will record future charges of \$1.2 million, relating to Mr. Slasky's separation agreements.

In April 2003, Norman Klugman, Net2Phone's Chief Operating Officer, announced his intention to resign and terminated his employment with Net2Phone in July 2003. During Fiscal 2003, Net2Phone recorded a \$0.8 million charge related to a severance agreement reached with Mr. Klugman. Mr. Klugman waived all of his rights under his employment agreement.

Impairment Charges

During Fiscal 2003, Net2Phone recognized \$0.9 million of net impairment charges related to the elimination of various equipment and network build-outs, \$0.4 million of impairment charges to capitalized software related to the de-emphasis of its carrier services business and \$0.2 million of charges relating to the write-off of acquired software and equipment due to vendor bankruptcies.

An impairment charge of \$83.9 million was recognized during the third quarter of Fiscal 2002 when it was determined that the future undiscounted cash flows of Net2Phone's long-lived assets were estimated to be insufficient to recover their related carrying values. As such, the carrying values of these assets were written down to their estimated fair value, estimated using the present value of expected future cash flows.

Additionally, during the third quarter of Fiscal 2002, as a result of the significant reduction in ADIR's workforce, the goodwill for ADIR's software sales reporting unit was tested for impairment and, as a result, a goodwill impairment loss of \$11.6 million was recognized. The fair value used to measure the impairment was estimated using the present value of expected future cash flows.

Also during the third quarter of Fiscal 2002, as a result of the plan to restructure its operations and eliminate various lines of development, an impairment review of Net2Phone's long-lived assets and identifiable intangible assets was conducted as of April 30, 2002, in accordance with SFAS No. 121. As a result of this analysis, Net2Phone recorded impairment charges of approximately \$2.0 million related to customer lists, \$0.5 million related to technology and \$1.7 million related to developed product technology assets. The impairment charge was calculated as the amount by which the carrying amount of the assets exceeded their fair values, estimated using the present value of expected future cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)***Loss on Assets Held For Sale***

Net2Phone purchased equipment early in Fiscal 2002 that it expected would eventually be deployed in its network. However, during Fiscal 2003, Net2Phone determined that it would not deploy this equipment and has, therefore, engaged in a plan to sell these assets in the secondary equipment market. Upon the determination that it would sell these assets, Net2Phone reviewed their carrying values and determined that a write down to their net realizable value was required. Accordingly, Net2Phone took a charge of approximately \$0.3 million during the fourth quarter of Fiscal 2003 that reflected this write down. Net2Phone expects to sell the remaining \$0.3 million of these assets during Fiscal 2004.

Reserve Adjustments

During Fiscal 2003, Net2Phone recorded reserve adjustments of \$(5.4) million. During the first quarter of Fiscal 2003, Net2Phone reversed \$2.1 million of previously recognized charges as a result of a preliminary settlement agreement with vendors regarding cancellation charges. In the first and second quarters of Fiscal 2003, Net2Phone reversed a total of \$0.5 million of previously recognized severance expense as a result of the subsequent retention of several individuals whose employment had been terminated. During the fourth quarter of Fiscal 2003, Net2Phone reversed \$1.9 million in reserves based on final contract settlement with one of its media partners. Additionally, Net2Phone reversed \$0.9 million in reserves related to the termination of ADIR's Boca Raton office lease.

TyCom Ltd. Settlement

On October 10, 2000, IDT reached a full and final settlement with TyCom of all pending claims brought against one another and their respective affiliates.

Under the terms of the settlement, TyCom granted to IDT Europe B.V.B.A. ("IDT Europe"), free of charge, certain exclusive rights to use capacity on the transatlantic and transpacific segments of TyCom's global undersea fiber optic network (the "TyCom Global Network"), which TyCom is deploying. The settlement agreement provides for IDT Europe to obtain exclusive indefeasible rights to use (IRU) two 10 Gb/s wavelengths on the transatlantic segment and two 10 Gb/s wavelengths on the transpacific segment for fifteen years from the applicable handover dates (which IDT has been informed that they have been deployed).

Operation, administration and maintenance for the wavelengths used by the Company will be provided by TyCom for a fifteen year period after the relevant handover date, free of charge. TyCom has also granted the Company certain rights to resell any unused capacity on the wavelengths through TyCom as its sole and exclusive agent. In addition, the Company will also have the option, exercisable at least annually, to convert the available capacity on its wavelengths to available equivalent capacity on another portion of the TyCom Global Network. In recognition of the settlement, a gain of \$313.5 million was included as a component of "investment and other income" during the year ended July 31, 2001. The Company subsequently re-evaluated the recoverability of the carrying value of its IRU in accordance with SFAS No. 121 and, as a result, the Company recorded, in its IDT Media segment, impairment losses of \$110.4 million and \$193.4 million for the years ended July 31, 2002 and 2001, respectively, to write down the asset to its fair value.

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IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Continued)

IDT Impairment of Long-Lived Assets

During the year ended July 31, 2003, the Company incurred \$5.9 million of impairment charges to write down the value of certain equipment.

In addition, during the year ended July 31, 2002, the Company recorded an impairment charge associated with its property, plant and equipment of \$3.9 million, primarily resulting from the write-down of certain decommissioned European telecommunications switch equipment and certain discontinued wireless-related equipment.

As a result of the Company's gradual exit from the dial-up Internet access service business, including the sale of a majority of its dial-up Internet access customers, the Company recorded an impairment charge associated with its property, plant and equipment of \$6.0 million during the year ended July 31, 2001, primarily relating to equipment previously used to provide dial-up Internet access services.

20. Selected Quarterly Financial Data (unaudited)

The table below presents selected quarterly financial data (unaudited) of the Company for its fiscal quarters for the years ended July 31, 2003 and 2002.

Quarter Ended	Revenues	Direct cost of revenues	Income (loss) from operations	Income (loss) before cumulative effect of accounting change			Net income (loss)
				Amount	Per share —Basic	Per share — Diluted	
(in thousands, except per share data)							
2003.							
October 31 /a/	\$ 443,171	\$ 340,067	\$ 24,336	\$ (4,091)	\$ (0 05)	\$ (0 05)	\$ (4,091)
January 31	450,767	348,988	(30,704)	(12,459)	(0 16)	(0 16)	(12,459)
April 30 /b/	454,870	347,117	(37,899)	(9,303)	(0 12)	(0 12)	(9,303)
July 31	485,739	373,293	(29,353)	8,336	0 10	0 10	8,336
Total	\$1,834,547	\$1,409,465	\$ (73,620)	\$ (17,517)			\$ (17,517)
2002.							
October 31 /c/	\$ 341,563	\$ 267,121	\$ (21,500)	\$ (11,332)	\$ (0 16)	\$ (0 16)	\$(158,315)
January 31	391,937	296,573	(77,810)	(17,212)	(0 23)	(0 23)	(17,212)
April 30 /d/	419,447	323,062	(182,412)	(49,593)	(0 64)	(0 64)	(49,593)
July 31 /e/	430,847	328,046	(158,619)	(78,229)	(0 99)	(0 99)	(78,229)
Total	\$1,583,794	\$1,214,802	\$(440,341)	\$(156,366)			\$(303,349)

/a/ Included in results of operations is a \$58.0 million gain on settlement by Net2Phone of litigation.

/b/ Included in results of operations is a \$22.4 million gain on the Company's sale of IDT Media stock.

/c/ Included in results of operations is a \$147.0 million cumulative effect of accounting change, net of \$3.5 million of income taxes, due to the adoption of SFAS No. 142.

/d/ Included in results of operations were \$114.4 million of restructuring, severance and impairment charges recorded by Net2Phone.

/e/ Included in results of operations is a \$110.4 million impairment charge related to the IRU received as part of the Tycom settlement.

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IDT CORPORATION
SCHEDULE 1
FINANCIAL STATEMENT SCHEDULE—VALUATION AND QUALIFYING ACCOUNTS

	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Deductions (1)</u>	<u>Balance at End of Period</u>
	(in thousands)			
2003				
Reserves deducted from accounts receivable				
Allowance for doubtful accounts	\$ 39,207	\$ 24,606	\$ (21,227)	\$ 42,586
2002				
Reserves deducted from accounts receivable				
Allowance for doubtful accounts	\$ 22,508	\$ 23,170	\$ (6,471)	\$ 39,207
2001				
Reserves deducted from accounts receivable				
Allowance for doubtful accounts	\$ 26,771	\$ 32,873	\$ (37,136)	\$ 22,508

(1) Uncollectible accounts written off, net of recoveries

EX-21 01 3 dex2101 htm SUBSIDIARIES OF THE REGISTRANT

Exhibit 21.1

Subsidiaries of the Registrant

1-800-Tow Truck, Inc (NJ)	Yovelle Renaissance Corporation (DE)
225 Old NB Road Inc (NJ)	Zero Dinero, Inc (DE)
226 Old NB Road, Corp (NJ)	60 Park Place Associates, LLC (DE)
60 Park Place Holding Company Inc (NJ)	Alternative Telecom LLC (DE)
Altom Associates, Inc (NJ)	Blue Stripe Shirt, LLC (DE)
Amerimax Corporation (PA)	Digital Production Solutions LLC (DE)
AVWAY COM, INC (NJ)	Executive Union Telecard, L L C (NJ)
Beltway Acquisition Corporation (DE)	Flics, LLC (DE)
Blue Sky Software, Inc (NJ)	Free4All, L L C (DE)
Brix Communications Corp (DE)	Halifax Investments, LLC (DE)
BRX, Inc (DE)	IDT 225 Old NB Road, LLC (DE)
Chattle, Inc (DE)	IDT 226 Old NB Road, LLC (DE)
ClicAqui, Inc (NJ)	IDT Advanced Communication Services, LLC (NJ)
Continect, Inc (NJ)	IDT America of Virginia, LLC (DE)
CTM Brochure Display, Inc (NY)	IDT Broadband, LLC (DE)
CTM Brochure Display Minnesota, Inc (MN)	IDT Callback, LLC (DE)
CTM Brochure Display Missouri, Inc (MO)	IDT Domestic-Union LLC (DE)
CTM Southeast, L C (FL)	IDT Telecom, LLC (DE)
DOTCOM Productions, Inc (DE)	IT Network Distribution LLC (DE)
Dipchip Corp (NY)	IT Stock, LLC (DE)
Doublestone Computing Enterprises, Inc (NJ)	King Telecom, LLC (DE)
ENGRY, Inc (DE)	Latin American Alliance for Education and Health, LLC (DE)
Entrix Telecom, Inc (DE)	Nevada-Oscar, LLC (NV)
Webony com, Inc (DE)	

Subsidiaries of the Registrant

FreeAtLast, Inc (DE)	Union Communications LLC (NY)
FuturePix com, Inc (DE)	Union CT Telecom, L L C (NJ)
Genie Interactive, Inc (NJ)	Union Telecard Alliance, LLC (DE)
HJJ Corp (DE)	Union Telecard Alliance Puerto Rico Corp (Puerto Rico)
IDT Affiliate Finance Corporation (NV)	Union Telecard Arizona, LLC (Nevada)
IDT America, Corp (NJ)	Union Telecom Texas LLC (TX)
IDT Broadcast & Media Holdings, Inc (DE)	Winstar Communications, LLC (DE)
IDT Broadcast & Media Acquisition Corp (DE)	Winstar Equipment, LLC (DE)
IDT Domestic Telecom, Inc (DE)	Winstar Government Solutions, LLC (DE)
IDT Horizon GT, Inc (DE)	Winstar Communications of Arizona, LLC (DE)
IDT International, Corp (NJ)	Winstar of Delaware, LLC (DE)
IDT International Telecom, Inc (DE)	Winstar of Georgia, LLC (DE)
IDT Internet Services, Inc (DE)	Winstar of Hawaii, LLC (DE)
IDT Investments Inc (NV)	Winstar Holdings, LLC (DE)
IDT J V Corp (DE)	Winstar Holdings Management Company, LLC (DE)
IDT Leasing Inc (DE)	Winstar of Indiana, LLC (DE)
IDT Media, Inc (DE)	Winstar of Louisiana, LLC (DE)
IDT Nevada Corp (NV)	Winstar of New Jersey, LLC (DE)
IDT Nevada Holdings, Inc (NV)	Winstar of New York, LLC (DE)
IDT Services, Inc (DE)	Winstar of Pennsylvania, LLC (DE)
IDT Telecom, Inc (DE)	Winstar of Virginia, LLC (DE)
IDT Telecom Nevada Holdings, Inc (NV)	Winstar of West Virginia, LLC (DE)
IDT Telecommunications, Inc (DE)	Winstar Spectrum, LLC (DE)
IDT United, Inc (DE)	Winstar Wireless, LLC (DE)
Telecard Network, L L C (NJ)	

Subsidiaries of the Registrant

IDT Venture Capital Corporation (DE)	Worldwide Intercom, LLC (DE)
IDT Venture Capital, Inc (NV)	CTM Brochure Display Ltd (Canada)
IDT Wireless, Inc (DE)	Direct Tel Dutch Holdings B V (Holland)
Impro-Structure, Inc (NJ)	Elmion Netherlands B V d/b/a International Discount Bandwidth (Holland)
InterExchange, Inc (DE)	HSJ Dutch Holdings B V (Holland)
International Coalition of Providers, Inc (NJ)	IDT Austria GmbH (formerly IDT Telecommunications GmbH) (Austria)
International Digital Networks, Inc (NJ)	IDT Corporation Representative Office (Philippines)
Internet Online Services, Inc (NJ)	IDT Corporation de Argentina S A (Argentina)
Least Cost Routing Exchange, Inc (NJ)	IDT Dutch Holdings B V (Holland)
Lou Moustafina, Inc (NJ)	IDT Europe B V B A (Belgium)
Media Response, Inc (NJ)	IDT Europe B V B A Foreign Qualification Puerto Rico Branch (Puerto Rico)
Microwave Services, Inc (DE)	IDT France SARL (France)
Mikulyne Associates, Inc (NJ)	IDT Germany GmbH (Germany)
New World Telecommunications, Corp (NJ)	IDT Global Limited (UK)
Nubill com, Inc (DE)	IDT Inter Direct Tel Sweden AB (Sweden)
Nuestra Voz Direct Inc (DE)	IDT Italia S R L (Italy)
Phone Depot, Inc (NJ)	IDT Netherlands B V (Holland)
Phonemax, Inc (DE)	IDT Peru S R L (Peru)
Phonetics, Inc (NJ)	IDT Phone Cards Ireland Limited (formerly Elverum Ltd) (Ireland)
Rock Enterprises, Inc (NJ)	IDT Spain S L (Spain)
SDTR, Inc (DE)	IDT Switzerland GmbH (Switzerland)

Subsidiaries of the Registrant

Serafin, Inc (NV)	NewPhone Dutch Holdings B V (Holland)
Shmuelco Equipment, Corp (NJ)	Pre-Paid Cards B V B A (Belgium)
Sports Final Radio Network, Inc (MA)	SPD Dutch Holdings B V (Holland) (formerly Nicodama Beheer I B V) (Netherlands)
TalkAmerica Radio Network, Inc (DE)	SPD Dutch Holdings B V Puerto Rico Branch (Puerto Rico)
TNLY, Inc (DE)	SPD Puerto Rico Corp (Puerto Rico)
Try, Inc (DE)	STA Dutch Holdings B V (Holland)
TV TV, Inc (DE)	Strategic Dutch Holdings B V (Holland)
IDT Telecom Corporation Israel Ltd (Israel)	TimeTel Dutch Holdings B V (Holland)
International Discount Telecommunications de Mexico, S de R L de C V (Mexico)	TLL Dutch Holdings B V (Holland)
MST Dutch Holdings, B V (Holland)	Upbrook – Consultores E Servicios Limitada (Madeira)
494 Broad Street Corp (DE)	Worldtalk Dutch Holdings B V (Holland)
520 Broad Funding Corporation (NJ)	IDT Winstar Acquisition, Inc (DE)
DigitZero, Inc (NJ)	IDT Wireless com, Inc (DE)
IDT Acquisition Corp (DE)	Corporate Event Dynamics, LLC (DE)
IDT Cable Partnership Holdings, Inc (CO)	Enterprise Communication Solutions, LLC (DE)
IDT Callback, Inc (DE)	IDT Financial Services, LLC (DE)
IDT Contact Services, Inc (DE)	NTOP Holdings, LLC (DE)
IDT Credit Services, Inc (DE)	OTV, LLC (DE)
IDT Domestic Products, Inc (DE)	Union Romerias Georgia, LLC (DE)
IDT Internet Holdings, Inc (DE)	UTA Web Saks, LLC (DE)
IDT Marketing Ally, Inc (DE)	IDT Urban Renewal Corp (NJ)
IDT PBX Services, Inc (NV)	IFC Bermuda Ltd (Bermuda)
IDT Prepaid, Inc (DE)	IDT Brazil Limitada (Brazil)
IDT UK Cable, Inc (CO)	IDT Brazil Telecom Limitada (Brazil)
IDT Telecomunicaciones Chile Limitada (Chile)	IDT Telecom Canada Corp (Canada)
IDT Czech Republic s r o (Czech Republic)	Magritte Sarl (Luxembourg)
IDT Denmark ApS (Denmark)	PDR Lux Holdings Sarl (Luxembourg)
Phonecards Dominicana C por A (Dominican Republic)	IDT Corp Registered Branch (Philippines)
IDT Hong Kong Limited (Hong Kong)	IDT Puerto Rico & Co (Puerto Rico)
D P S I Digital Production Solutions Israel Ltd (Israel)	IDT Netherlands B V Puerto Rico Branch (Puerto Rico)
C S M Customer Service Management Ltd (Israel)	IFC Bermuda Ltd Puerto Rico Branch (Puerto Rico)
IDT Jamaica Telecom Limited (Jamaica)	ZAO Investeletrosvyazc (Corbina)

Telecommunications Alliance Limited (Jamaica)

IDT Telecom South Africa (PTY) LTD (South Africa)

IDT Direct Limited (United Kingdom)

EX-23 01 4 dex2301 htm CONSENT OF ERNST & YOUNG LLP

Exhibit 23 01

Consent of Independent Auditors

We consent to the incorporation by reference of our report dated October 10, 2003 with respect to the consolidated financial statements and schedule of IDT Corporation included in this Annual Report on Form 10-K for the year ended July 31, 2003, in each of the following

Registration Statement No 333-53719 on Form S-3,
Registration Statement No 333-61565 on Form S-3,
Registration Statement No 333-71991 on Form S-3,
Registration Statement No 333-73167 on Form S-8,
Registration Statement No 333-77395 on Form S-3,
Registration Statement No 333-80133 on Form S-3,
Registration Statement No 333-86261 on Form S-3,
Registration Statement No 333-100424 on Form S-8,
Registration Statement No 333-104286 on Form S-3, and
Registration Statement No 333-105865 on Form S-8,

/s/ ERNST & YOUNG LLP

ERNST & YOUNG LLP

New York, New York
October 28, 2003

EX-31 1 5 dex311.htm CERTIFICATION OF CEO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

EXHIBIT 31 1

CERTIFICATIONS

I, James A. Courter, certify that

- 1 I have reviewed this Annual Report on Form 10-K of IDT Corporation,
- 2 Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report,
- 3 Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report,
- 4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared,
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and
- 5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions)
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information, and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date October 29, 2003

/s/ JAMES A. COURTER

James A. Courter
Chief Executive Officer

EX-31 2 6 dex312 htm CERTIFICATION OF CFO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

EXHIBIT 31 2

CERTIFICATIONS

I, Stephen R. Brown, certify that

- 1 I have reviewed this Annual Report on Form 10-K of IDT Corporation,
- 2 Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report,
- 3 Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report,
- 4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared,
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and
- 5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions)
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information, and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date October 29, 2003

/s/ STEPHEN R. BROWN

Stephen R. Brown
Chief Financial Officer

EX-32 1 7 dex321 htm CERTIFICATION OF CEO PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

EXHIBIT 32.1

**Certification Pursuant to
18 U S C. Section 1350
(as Adopted Pursuant to Section 906 of
the Sarbanes-Oxley Act Of 2002)**

In connection with the Annual Report of IDT Corporation (the "Company") on Form 10-K for the year ended July 31, 2003 as filed with the Securities and Exchange Commission (the "Report"), I, James A Courter, Chief Executive Officer of the Company, certify, pursuant to 18 U S C § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge

- 1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- 2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

Date October 29, 2003

/s/ JAMES A COURTER

James A Courter
Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to IDT Corporation and will be retained by IDT Corporation and furnished to the Securities and Exchange Commission or its staff upon request

EX-32 2 8 dex322.htm CERTIFICATION OF CFO PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

EXHIBIT 32.2

**Certification Pursuant to
18 U.S.C. Section 1350
(as Adopted Pursuant to Section 906 of
the Sarbanes-Oxley Act Of 2002)**

In connection with the Annual Report of IDT Corporation (the "Company") on Form 10-K for the year ended July 31, 2003 as filed with the Securities and Exchange Commission (the "Report"), I, Stephen R. Brown, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge

- 1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and
- 2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company

Date October 29, 2003

/s/ STEPHEN R. BROWN

Stephen R. Brown
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to IDT Corporation and will be retained by IDT Corporation and furnished to the Securities and Exchange Commission or its staff upon request

Exhibit G

Capital Expenditures Budget

Exhibit H

Small and Minority-Owned Business Participation Plan

Pursuant to TCA Sec 65-5-212, as amended, Winstar Communications, LLC (Winstar) submits this small and minority-owned telecommunications business participation plan (the "Plan") along with its Application for a Certificate of Public Convenience and Necessity to provide competing intrastate and local exchange services in Tennessee

I. Purpose

The purpose of Sec 65-5-212 is to provide opportunities for small and minority-owned businesses to provide goods and services to telecommunications service providers. Winstar is committed to the goals of Sec 65-5-212 and to taking steps to support the participation of small and minority-owned telecommunications businesses in the telecommunications industry. Winstar will endeavor to provide opportunities for small and minority-owned telecommunications businesses to compete for contracts and subcontracts for goods and services. As part of its procurement process, Winstar will make efforts to identify and inform minority-owned and small businesses which are qualified and capable of providing goods and services to Winstar of such opportunities. Winstar will seek to increase awareness of such opportunities so that companies not otherwise identified will have sufficient information to participate in the procurement process.

II. Definitions

As defined in Sec 65-5-212

Minority-Owned Business Minority-owned business shall mean a business which is solely owned, or at least fifty-one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000)

Small Business Small business shall mean a business with annual gross receipts of less than four million dollars (\$4,000,000)

III. Administration

Winstar's Plan will be overseen and administered by the individual named below, hereinafter referred to as the Administrator, who will be responsible for carrying out and promoting Winstar's full efforts to provide equal opportunities for small and minority-owned businesses. The Administrator of the Plan will be

Mac McIntyre
Winstar Communications, LLC
1850 M St , NW, Suite 300
Washington, DC 20036
(Phone) (202) 367-7652

(Fax) (202) 659-1931

The Administrator's responsibilities will include

- (1) Maintaining an updated Plan in full compliance with Sec 65-5-212 and the rules and orders of the Tennessee Regulatory Authority (TRA)
- (2) Establishing and developing policies and procedures necessary for the successful implementation of the Plan
- (3) Preparing and submitting such forms as may be required by the TRA, including the filing of required annual updates
- (4) Serving as the primary liaison to and cooperate with the TRA, other agencies of the State of Tennessee, and small and minority-owned businesses to locate and use qualified small and minority-owned businesses as defined in Sec 65-5-212
- (5) Searching for and developing opportunities to use small and minority-owned businesses and encouraging such businesses to participate in and bid on contracts and subcontracts
- (6) Providing records and reports and cooperate in any authorized surveys as required by the TRA
- (7) Establishing a record-keeping system to track qualified small and minority-owned businesses and efforts to use such businesses
- (8) Providing information and educational activities to persons within Winstar and training such persons to seek out, encourage and promote the use of small and minority-owned businesses

In performance of these duties, the Administrator will utilize a number of resources, including

Chambers of Commerce
The Tennessee Department of Economic and Community Development
The United States Department of Commerce
Small Business Administration
Office of Minority Business
The National Minority Supplier Development Counsel
The National Association of Women Business Owners
The National Association of Minority Contractors
Historically black colleges, universities and minority institutions

The efforts to promote and ensure equal opportunities for small and minority-owned businesses are primarily spelled out in the Administrator's duties above. Additional efforts to provide opportunities to small and minority-owned businesses will include offering, where

appropriate and feasible, small and minority-owned businesses assistance with technical, insurance, bonding, licensing, production and deadline requirements

IV. Records and Compliance Reports

Winstar will maintain records of qualified small and minority-owned business and efforts to use the goods and services of such businesses. In addition, Winstar will maintain records of educational and training activities conducted or attended and of the internal procurement procedures adopted to support this Plan.

Winstar will submit records and reports required by the TRA concerning the Plan. Moreover, Winstar will cooperate fully with any surveys and studies required by the TRA.

Winstar Communications, LLC

By 
Mac McIntyre
Regulatory Compliance Manager

Dated February 11, 2004

Exhibit I

Toll Dialing Parity Plan

INTRODUCTION

Winstar Communications, LLC (Winstar) provides end user customers the opportunity to designate a carrier for their intraLATA toll call traffic in those market areas where Winstar is a facility based local exchange service provider. IntraLATA toll calls are automatically directed to the designated carrier without the customer having to dial an access code.

GENERAL INFORMATION

Winstar deploys two (2) PIC (Primary Interexchange Carrier) technology in its switches. This technology enables the customer to presubscribe to the same or a different carrier for their intraLATA and/or interLATA service. Winstar offers customers the ability to access all participating carriers by dialing the appropriate access code (10XXX/101XXXX).

Winstar will implement equal access in all of the exchanges in which it will provide facilities-based local exchange service.

All eligible Winstar end user telephone line numbers will be presubscribed and must have a PIC associated with them.

CARRIER INFORMATION

Carriers will have the option of offering intraLATA service only or intraLATA and interLATA service. Carriers will have the option of participating in all market areas or in a specific market area.

Carriers will be required to return a completed Non-Disclosure Agreement and Participation Agreement(s). These documents will be provided to carriers as part of the Winstar carrier correspondence process.

Winstar will not participate in billing disputes for intraLATA service between alternative competing carriers and their customers.

Carriers wishing to participate will be requested to submit Access Service Requests/Translation Questionnaires to the Access Tandem owner and to Winstar.

NETWORK INFORMATION

All originating intraLATA traffic will initially be routed via the incumbent Local Exchange Carrier (LEC) Access Tandem(s). Following conversion, direct trunks between the Winstar switch and the carrier location(s) may be provisioned where traffic volumes warrant.

Carriers must have Feature Group D trunks in place between their point of presence and the incumbent LEC Access Tandem(s).

Winstar will route all originating intraLATA traffic to the designated carrier and will only block traffic at the request of the end user customer and/or in compliance with regulatory regulations. Requests from carriers to block traffic or to remove customers from their network will not be

honored Calls that cannot be completed to a carrier will be routed to an announcement

In the event that Winstar offers operator service and/or directory assistance, it will offer such services in a nondiscriminatory manner Winstar will provide access to telephone numbers and directory listings upon demand and in a nondiscriminatory manner

CUSTOMER CONTACT INFORMATION

Winstar customer contact representatives will process customer initiated PIC selections to Winstar or to an alternative intraLATA carrier as designated by the customer Carriers will have the option of allowing the Winstar representative to process PIC requests on their behalf

Alternative carriers may submit PIC changes to Winstar via a fax/paper interface Details regarding this process will be provided as part of Winstar's carrier correspondence

Winstar will accept as a bona fide PIC a selection of "No PIC" as a choice. "No PIC" customers will have access code dialing capability to reach participating intraLATA carriers

Winstar representatives will provide alternative carrier(s) names and contact telephone number (if provided by carrier) to customers in random order upon customer request Winstar representatives will not discuss alternative carrier rates or services and will not provide customers with Carrier Identification Codes or access code dialing instructions

Winstar representatives will not initiate or accept three-way calls from alternative carriers to discuss presubscription

PRESUBSCRIPTION INFORMATION

In order to recover the costs associated with intraLATA toll dialing parity, a five-dollar (\$5) PIC change charge will be incurred and billed to the customer for each eligible line where a PIC change is made

Carriers will be required to submit PIC changes using the Customer Account Record Exchange (CARE) 960 byte format via paper medium Winstar will provide carriers with PIC order confirmation and reject information using the CARE format Specific details regarding CARE will be provided to participating carriers

For customers who change their local service provider from the incumbent LEC to Winstar and retain their incumbent LEC telephone number(s), Winstar, as part of the CARE PIC process, will provide the selected intraLATA carrier with both the retained (incumbent LEC) telephone number and the Winstar telephone number

Winstar will comply with all of the rules and regulations regarding intraLATA presubscription established by the Federal Communications Commission and the Tennessee Regulatory Authority

Exhibit J

Notice List

**Incumbent Local Exchange Service Providers
Certificated in Tennessee
(Facilities-Based)**

1. Ardmore Telephone Company, Inc
PO Box 549
517 Ardmore Ave
Ardmore, TN 38449
(205) 423-2131
(205) 423-2208 (fax)
- 2 BellSouth
333 Commerce St
Nashville, TN 37201-3300
(615) 214-3800
(615) 214-8820 (fax)
- 3 Century Telephone of Adamsville
PO Box 405
116 N Oak St
Adamsville, TN 38310
(901) 632-3311
(901) 632-0232 (fax)
- 4 Century Telephone of Clairborne
PO Box 100
507 Main St
New Tazewell, TN 37825
(423) 626-4242
(423) 626-5224 (fax)
- 5 Century Telephone of Ooltewah-Collegedale, Inc
PO Box 782
5616 Main St
Ooltewah, TN 37363
(423) 238-4102
(423) 238-5699 (fax)
- 6 Citizens Communications Company of Tennessee
PO Box 770
300 Bland St
Bluefield, WV 24701
- 7 Citizens Communications Company of the Volunteer State
PO Box 770
300 Bland St
Bluefield, WV 24701
- 8 Loretto Telephone Company, Inc
PO Box 130
Loretto, TN 38469

(931) 853-4351
(931) 853-4329 (fax)

- 9 Millington Telephone Company, Inc
PO Box 429
4880 Navy Rd
Millington, TN 38083-0429
(901) 872-3311
(901) 873-0022 (fax)
- 10 Sprint-United
112 Sixth St
Bristol, TN 37620
(423) 968-8161
(423) 968-3148 (fax)
- 11 TDS Telecom-Concord Telephone Exchange, Inc
PO Box 22610
701 Concord Rd
Knoxville, TN 37933-0610
(423) 966-5828
(423) 966-9000 (fax)
- 12 TDS Telecom-Humphreys County Telephone Co
PO Box 552
203 Long St
New Johnsonville, TN 37134-0552
(931) 535-2200
(931) 535-3309 (fax)
- 13 TDS Telecom-Tellico Telephone Company, Inc
PO Box 9
102 Spence St
Tellico Plains, TN 37385-0009
(423) 671-4600
(423) 253-7080 (fax)
- 14 TDS Telecom-Tennessee Telephone Co
PO Box 18139
Knoxville, TN 37928-2139
(423) 922-3535
(423) 922-9515 (fax)
- 15 TEC-Crockett Telephone Company, Inc
PO Box 7
Friendship, TN 38034
(901) 677-8181
- 16 TEC-People's Telephone Company, Inc
PO Box 310
Erin, TN 37061

(931) 289-4221
(931) 289-4220 (fax)

17 TEC-West Tennessee Telephone Company, Inc
PO Box 10
244 E Main St
Bradford, TN 38316
(901) 742-2211
(901) 742-2212 (fax)

18 United Telephone Co
PO Box 38
120 Taylor St
Chapel Hill, TN 37034
(931) 364-2289
(931) 364-7202 (fax)

Exhibit K

Sworn Pre-Filed Testimony

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

**APPLICATION OF WINSTAR)
COMMUNICATIONS, LLC FOR)
A CERTIFICATE TO PROVIDE)
COMPETING LOCAL TELEPHONE)
SERVICES)**

PRE-FILED TESTIMONY OF KIMBERLEY BRADLEY

I, Kimberley Bradley, do hereby testify as follows in support of the application of Winstar Communications, LLC (Winstar) for a certificate of convenience and necessity as a competing telecommunications services provider to provide telecommunication services throughout the State of Tennessee

Q Please state your full name, business address, and position

A Kimberley A Bradley, 1850 M St , NW, Suite 300, Washington, DC 20036, Sr Director, Legal and Regulatory Affairs for Winstar Communications, LLC

Q Please briefly describe your duties

A I am responsible for the regulatory compliance activities of Winstar I analyze federal and state regulatory commission rules and proposals, provide guidance to Winstar's operating divisions on implementation of processes to ensure compliance with regulations, oversee communications with regulatory agencies, prepare and file pleadings, applications, reports and other compliance filings at the federal and state regulatory commissions on behalf of Winstar, supervise the filing and maintenance of company tariffs and administer the response process for customer complaints referred by federal and state regulatory commissions

Q Please describe your business experience background

A I have 16 years of telecommunications regulatory experience I have been Sr Director of Regulatory Affairs for Winstar Communications, LLC, a subsidiary of IDT Corporation, since December 2001 From July 1999 through December 2001, I was Sr Director of Regulatory Affairs of Winstar Wireless, Inc and from August 1996 through July 1999, I was Director of Regulatory Affairs of Winstar Gateway Network, Inc , subsidiaries of Winstar Communications, Inc

Q Are all statements in Winstar's application true and correct to the best of your knowledge, information and belief?

A Yes

Q Please describe the current corporate structure of Winstar

A Winstar is a wholly owned subsidiary of Winstar Holdings, LLC, which is 95% owned by IDT Advanced Communication Services, LLC and 5% owned by Dipchip, Inc , which in turn are wholly owned subsidiaries of IDT Corporation

Q Does Winstar possess the requisite managerial, financial and technical abilities to provide the services for which it has applied for authority?

A Yes

Q Please describe Winstar's financial qualifications

A Winstar's ultimate parent company, IDT Corporation, was founded in 1990 and since that time it, together with its subsidiaries, has firmly established itself as a leading multinational carrier, routing billions of minutes of traffic per year. The company uses its national telecommunications backbone and fiber optic network infrastructure to provide customers with an array of communications services. IDT Corporation delivers its telecommunications services over a high-quality network comprised of more than 150 switches in the U S and Europe, and owned and leased capacity on 14 undersea fiber optic cables.

IDT Corporation's success in developing innovative products and services and in expanding its geographical reach has translated into impressive growth in recent years, and has created a company that is extremely well qualified financially to operate and expand Winstar's business. IDT Corporation currently holds over \$1 billion in cash and cash equivalents. Financial information demonstrating IDT Corporation's financial qualifications is provided in its most recent Form 10-K. A copy of the financial statements contained in the Form 10-K is attached as **Exhibit F** to the Application. As shown in the financial information, Applicant is financially qualified to operate within the State.

Q Please describe Winstar's managerial and technical qualifications

A Winstar has the managerial and technical resources necessary to operate the Winstar business in Tennessee. Biographies of senior management are provided in **Exhibit E** of this Application. Winstar is led by a well-qualified management team and has the managerial and technical expertise and resources necessary to operate in Tennessee.

Q What services will Winstar offer?

A Resold and facilities-based local and long distance telecommunications services

Q Will Winstar offer service to all consumers within its service area?

A No, Winstar provides service to business customers only

Q Does Winstar plan to offer local exchange telecommunications services in areas served by any incumbent local exchange telephone company with fewer than 100,000 total access lines?

A No

Q Will the granting of a certificate of convenience and necessity to Winstar serve the public interest?

A Yes, competition will lower prices for consumers and gives them a greater range of services

Q Does Winstar intend to comply with all TRA rules, statutes and orders pertaining to the provision of telecommunications services in Tennessee, including those for disconnection and reconnection of service?

A Yes

Q Has any state ever denied Winstar or one of its affiliates authorization to provide intrastate service?

A No

Q Has any state ever revoked the certification of Winstar or one of its affiliates?

A Yes, Winstar's certificate was revoked in the state of Wisconsin on or about June 16, 2003, for failure to file its 2002 annual report Winstar gained re-certification on December 17, 2003

Winstar's certificates were revoked in the states of Idaho and Tennessee in 2003 for failure to file its 2002 annual reports Winstar is working with Commission staff in order to regain its certification as soon as possible

Q Has Winstar or one of its affiliates ever been investigated or sanctioned by any regulatory authority for service or billing irregularities?

A No

Q Who is knowledgeable about Winstar's operations and will serve as Winstar's regulatory and customer service contact?

A Winstar's regulatory contact is Mac McIntyre, who can be contacted at 1850 M St , NW, Suite 300, Washington, DC 20036, phone number (202) 367-7652 Winstar's Customer Service Group is located at 520 Broad St , Newark, NJ, 07102, phone number (888) WINSTAR

Q Please explain in detail Winstar's proposed procedures for responding to information requests from the TRA and its staff

A Once an information request is received, Winstar will endeavor to fully and timely respond by contacting the appropriate department or contact person in order to respond to the Commission. If any further follow-up is required, please contact Mac McIntyre at the above-mentioned address or phone number so that she can address any concerns

Q Does this conclude your testimony?

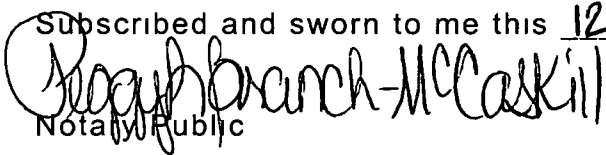
A Yes

I swear that the foregoing testimony is true and correct to the best of my knowledge



Kimberley A. Bradley
Sr. Director, Regulatory Affairs
Winstar Communications, LLC

Subscribed and sworn to me this 12 day of February, 2004


Notary Public

State of Maryland

County of Prince George

My Commission expires My Commission Expires November 22, 2006

PEGGY BRANCH-McCASKILL

NOTARY PUBLIC STATE OF MARYLAND



Exhibit L

Sample Tariff

REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES
APPLYING TO END-USER
COMMUNICATIONS SERVICES WITHIN
THE STATE OF TENNESSEE

Issued

Effective

Issued By
Mac McIntyre
Regulatory Compliance Manager
1850 M Street, NW, Suite 300
Washington, D C 20036

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Issued

Effective

Issued By
Mac McIntyre
Regulatory Compliance Manager
1850 M Street, NW, Suite 300
Washington, D C 20036

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Issued

Effective

Issued By
Mac McIntyre
Regulatory Compliance Manager
1850 M Street, NW, Suite 300
Washington, D C 20036

**EXPLANATION OF SYMBOLS, REFERENCE
MARKS, AND ABBREVIATIONS OF TECHNICAL
TERMS USED IN THIS TARIFF**

The following symbols shall be used in this tariff for the purpose indicated below

C	To signify changed regulation
D	To signify discontinued rate or regulation
I	To signify increased rate
M	To signify a move in the location of text
N	To signify new rate or regulation
R	To signify reduced rate
S	To signify reissued matter
T	To signify a change in text but no change in rate or regulation

Issued

Effective

Issued By
Mac McIntyre
Regulatory Compliance Manager
1850 M Street, NW, Suite 300
Washington, D C 20036

APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of intrastate end-user communications services by Winstar Communications, LLC to customers within the State of Tennessee

Winstar Communications, LLC registered agent in the State of Tennessee is CT Corporations System, 530 Gay Street, Knoxville, TN 37902

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DEFINITIONS

Certain terms used generally throughout this tariff are defined below

Account Codes

Permits Centrex Stations and attendants to dial an account code number of up to eight digits For use when placing calls over facilities arranged for Automatic Message Accounting (AMA) recording The account or project number must be input prior to dialing the called number

Advance Payment

Part or all of a payment required before the start of service

Automatic Number Identification (ANI)

Allows the automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party subscriber The primary purpose of ANI is to allow for billing of toll calls

Bit

The smallest unit of information in the binary system of notation

Call Back/Camp On

Permits a station line encountering an all-trunk-busy condition the option of being notified when a trunk becomes idle

Call Forwarding

Call Forwarding Station Allows calls directed to a station line to be routed to a user defined line inside or outside the customer's telephone system

Call Forwarding System Permits calls attempting to terminate to a busy station line to be re-directed to a predetermined line inside or outside the customer's telephone system

Call Forwarding Remote This optional feature allows a user to activate/deactivate the Call Forwarding - All Calls feature or change the forwarded to telephone number from a remote location

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DEFINITIONS

Call Forwarding (cont'd)

Call Forwarding Busy Allows incoming calls to a busy station to be routed to a preselected station line or attendant within the same system or outside the system. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Don't Answer Allows incoming calls to be automatically routed to a preselected station line or attendant in the same system or outside the system, when the called station is not answered after a preset number of rings. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Variable Limited When this feature is activated by a station line user or the attendant, incoming calls to the activated station line or attendant position will be automatically routed to any other selected station line, within the same Centrex system, or to the attendant position. The attendant may also activate this feature for a station line user.

Call Forwarding Variable Unlimited The same as Call Forwarding Variable Limited except that incoming calls may be automatically routed to a telephone number outside the Centrex system or to station lines within the same Centrex system. The attendant may not activate this feature to a telephone number outside the Centrex system for a station line use. Calls forwarded outside the Centrex system are subject to the appropriate charges for local and toll messages.

Call Hold

Allows the user to hold one call for any length of time provided that neither party goes on-hook.

Call Park

Allows a station line to park a call against its own line number. The parked call can be retrieved from any station line by dialing a feature code and the line number against which the call is parked.

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DEFINITIONS

Call Pickup

Allows a station line to answer incoming calls to another station line within a defined call pickup group Call pickup is provided on individual station lines within a customer group

Call Transfer

Allows a station line user to transfer any established call to another station line inside or outside the customer group without the assistance of the attendant

Call Waiting

Permits a line in the talking state to be alerted by a tone when another call is attempting to complete to the line Audible ringing is returned to the originating line The Service also provides a hold feature that is activated by a switchhook flash

Communications Services

The Company's intrastate toll and local exchange switched telephone services offered for both intraLATA and interLATA use

Company

Winstar Communications, LLC ("Winstar"), the issuer of this tariff

Customer

The person, firm or corporation which orders service and is responsible for the payment of charges and compliance with the Company's regulations

Dial Pulse (or "DP")

The pulse type employed by rotary dial station sets

Direct Inward Dial (or "DID")

A service attribute that routes incoming calls directly to stations, by-passing a central answering point

Direct Outward Dial (or "DOD")

A service attribute that allows individual station users to access and dial outside numbers directly

Do Not Disturb

Permits the attendant to cut off a single station line and selected groups of station lines from receiving incoming and station-to-station calls

Dual Tone Multi-Frequency (or "DTMF")

The pulse type employed by tone dial station sets

Duplex Service

Service which provides for simultaneous transmission in both directions

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DEFINITIONS

Fiber Optic Cable

A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message

Hunting

Routes a call to an idle station line in a prearranged group when the called station line is busy

In-Only

A service attribute that restricts outward dial access and routes incoming calls to a designated answer point

Joint User

A person, firm or corporation which is designated by the Customer as a user of services furnished to the Customer by Winstar and to whom a portion of the charges for the service will be billed under a joint user arrangement as specified herein

Kbps

Kilobits per second, denotes thousands of bits per second

Last Number Redial

Enables a station line user to redial the last called number by use of an access code rather than dialing the entire number

LATA

A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No 82-0192, or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc Tariff F C C No 4

Mbps

Megabits, denotes millions of bits per second

Multi-Frequency or ("MF")

An inter-machine pulse-type used for signaling between telephone switches, or between telephone switches and PBX/key systems

Recurring Charges

The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service

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DEFINITIONS

Service Commencement Date

The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute Service Commencement Date.

Service Order

The written request for Network Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Shared

A facility or equipment system or subsystem that can be used simultaneously by several Customers.

Speed Calling

Permits a station line user to dial selected numbers by using fewer digits than normally required. This is accomplished through the assignment of abbreviated codes to frequently called numbers. The speed calling list is customer-changeable.

System

Allows shared use of speed calling list. A control station will add, change or delete telephone numbers from the list for the group.

Station

Allows a station line user to add, change or delete telephone numbers from a speed calling list. The list is dedicated to the individual station line user.

Three-Way Calling

Allows a station line user to add a third party to an existing conversation.

Two Way

A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

User or End User

A Customer, Joint User, or any other person authorized by a Customer to use service provided under this tariff.

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REGULATIONS

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REGULATIONS

2 1 Undertaking of the Company

2 1 1 Scope

The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way information transmission between points within the State of Tennessee

Customers and users may use services and facilities provided under this tariff to obtain access to services offered by other service providers. The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers

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REGULATIONS

2 1 Undertaking of the Company (Cont'd)

2 1 2 Shortage of Equipment or Facilities

2 1 2 1 The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control

2 1 2 2 The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company

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REGULATIONS

2 1 Undertaking of the Company (Cont'd)

2 1 3 Terms and Conditions

- 2 1 3 1 Service is provided on the basis of a minimum period of at least one month, 24-hours per day For the purpose of computing charges in this tariff, a month is considered to have 30 days
- 2 1 3 2 Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff Customer will also be required to execute any other documents as may be reasonably requested by the Company
- 2 1 3 3 At the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a year to year basis at the then current rates unless terminated by either party upon 30 days written notice Any termination shall not relieve customer of its obligation to pay any charges incurred under the Service Order and this tariff prior to termination The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination
- 2 1 3 4 In any action between the parties to enforce any provision to this tariff, the prevailing party shall be entitled to recover its legal fees and court costs from the non-prevailing party in addition to other relief a court may award

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REGULATIONS

2 1 Undertaking of the Company (Cont'd)

2 1 3 Terms and Conditions (Cont'd)

2 1 3 5 Service may be terminated upon written notice to the Customer if

A the Customer is using the service in violation of this tariff, or

B the Customer is using the service in violation of the law

2 1 3 6 This tariff shall be interpreted and governed by the laws of the State of Tennessee without regard for its choice of laws provision

2 1 3 7 Another Telephone Company must not interfere with the right of any person or entity to obtain service directly from the Company. No person or entity shall be required to make any payment, incur any penalty, monetary or otherwise, or purchase any services in order to have the right to obtain service directly from the Company

2 1 3 8 To the extent that either the Company or any Other Telephone Company exercises control over available cable pairs, conduit, duct space, raceways, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its customers. At the reasonable request of either party, the Company and the Other Telephone Company shall join the attempt to obtain from the owner of the property access for the other party to serve a person or entity

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REGULATIONS**2 1 Undertaking of the Company (Cont'd)****2 1 4 Liability of the Company**

2 1 4 1 The liability of the Company for damages arising out of the furnishing of its Services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts or omission, shall be limited to the extension of allowances for interruption as set forth in 2 6 The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of the Company The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, the acts or omissions or negligence, except for willful neglect or willful default of the Company's employees or agents

2 1 4 2 The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to acts of God, fire, flood, explosion or other catastrophes, any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority, national emergencies, insurrections, riots, wars, unavailability of rights-of-way or materials, or strikes, lock-outs, work stoppages, or other labor difficulties

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REGULATIONS

2 1 Undertaking of the Company (Cont'd)

2 1 4 Liability of the Company (Cont'd)

- 2 1 4 3 The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's Customers facilities or equipment used for or with the services the Company offers except where contracted by the Company
- 2 1 4 4 The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities
- 2 1 4 5 The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section 2 1 4 5 as a condition precedent to such installations
- 2 1 4 6 The Company is not liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such defacement or damage is caused by negligence or willful misconduct of the Company's agents or employees
- 2 1 4 7 The Company shall not be liable for any claim, loss or damage arising from Customer's use of services, involving claims for libel, slander, invasion of privacy, or infringement of copyright arising from the Customer's own communications

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REGULATIONS

2 1 Undertaking of the Company (Cont'd)

2 1 4 Liability of the Company (Cont'd)

- 2 1 4 8 The entire liability for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid Company by customer for the specific services giving rise to the claim
- 2 1 4 9 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN
- 2 1 4 10 Company shall not be liable for any damages, including usage charges, the customer may incur as a result of the fraudulent or unauthorized use or misuse of the Service or Company facilities, or customer-provided equipment or services. Unauthorized use or misuse includes, but is not limited to, the unauthorized use or misuse of service or customer-provided equipment or services by the customer's employees, third parties or the public. Company does not warrant or guarantee that it can prevent unauthorized use or misuse, and customer is responsible for controlling access to, and use of, the service and its own equipment, facilities or services

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REGULATIONS**2 1 Undertaking of the Company (Cont'd)****2 1 5 Notification of Service-Affecting Activities**

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from equipment damage, notification to the Customer may not be possible.

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REGULATIONS

2 1 Undertaking of the Company (Cont'd)

2 1 6 Provision of Equipment and Facilities

- 2 1 6 1 Company shall use reasonable efforts to make available services to a customer on or before a particular date, subject to the provisions of and compliance by the customer with the regulations contained in this tariff. Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any customer except as provided by contract.
- 2 1 6 2 Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the customer. Customer may not, nor may customer permit others to rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- 2 1 6 3 Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the customer.
- 2 1 6 4 Equipment the Company provides or installs at the customer premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which the Company provided it.
- 2 1 6 5 Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the premises of the customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the customer.

Service Call Charge \$90 00

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REGULATIONS

2 1 Undertaking of the Company (Cont'd)

2 1 6 Provision of Equipment and Facilities (Cont'd)

2 1 6 6 The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities Subject to this responsibility, the Company shall not be responsible for

A the transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission, or

B the reception of signals by Customer-provided equipment

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REGULATIONS

2 1 Undertaking of the Company (Cont'd)

2 1 7 Non-routine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

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REGULATIONS

2 1 Undertaking of the Company (Cont'd)

2 1 8 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is that construction undertaken

2 1 8 1 where facilities are not presently available, and there is no other requirement for the facilities so constructed,

2 1 8 2 of a type other than that which the Company would normally utilize in the furnishing of its services,

2 1 8 3 over a route other than that which the Company would normally utilize in the furnishing of its services,

2 1 8 4 in a quantity greater than that which the Company would normally construct,

2 1 8 5 on an expedited basis,

2 1 8 6 on a temporary basis until permanent facilities are available,

2 1 8 7 involving abnormal costs, or

2 1 8 8 in advance of its normal construction

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REGULATIONS

2 1 Undertaking of the Company (Cont'd)

2 1 9 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains in the Company, its agents or contractors

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REGULATIONS

2 2 Prohibited Uses

- 2 2 1 The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits
- 2 2 2 The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and PSC regulations, policies, orders, and decisions
- 2 2 3 The Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others
- 2 2 4 A Customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this tariff will apply

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REGULATIONS

2 3 Obligations of the Customer

2 3 1 General

The Customer shall be responsible for

- 2 3 1 1 the payment of all applicable charges pursuant to this tariff,
- 2 3 1 2 damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer, or the noncompliance by the Customer, with these regulations, or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company,
- 2 3 1 3 providing at no charge, as specified from time to time by the Company, any needed personnel, equipment space and power to operate Company facilities and equipment installed on the premises of the Customer Premises, and the level of heating and air conditioning - necessary to maintain the proper operating environment on such premises,
- 2 3 1 4 any and all costs associated with the obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company subject to, the Customer's prior approval. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service.

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REGULATIONS

2 3 Obligations of the Customer (Cont'd)

2 3 1 General (Cont'd)

2 3 1 5 providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e g friable asbestos) prior to any construction or installation work,

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REGULATIONS

2 3 Obligations of the Customer (Cont'd)

2 3 1 General (Cont'd)

- 2 3 1 6** complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be reasonably required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2 3 1 4, and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any reasonable time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company,
- 2 3 1 7** not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities, and
- 2 3 1 8** making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes

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REGULATIONS

2 3 Obligations of the Customer (Cont'd)

2 3 2 Claims

With respect to any service or facility provided by the Company, Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorney's fees for

2 3 2 1 any loss, destruction or damage to property of the Company or any third party, or the death or injury to persons, including, but not limited to, employees or invitees of either party, to the extent caused by or resulting from the negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees, or

2 3 2 2 any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer, including, without limitation, use of the Company's services and facilities in a manner not contemplated by the agreement between Customer and Company

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REGULATIONS**2 4 Customer Equipment and Channels****2 4 1 General**

A User may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A User may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

2 4 2 Station Equipment

2 4 2 1 Terminal equipment on the User's Premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the User. The User is responsible for the provision of wiring or cable to connect its terminal equipment to the Company Point of Connection.

2 4 2 2 The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.

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REGULATIONS

2 4 Customer Equipment and Channels (Cont'd)

2 4 3 Interconnection of Facilities

- 2 4 3 1 Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Communications Services and the channels, facilities, or equipment of others shall be provided at the Customer's expense subject to the Customer's approval
- 2 4 3 2 Communications Services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections
- 2 4 3 3 Facilities furnished under this tariff may be connected to customer provided terminal equipment in accordance with the provisions of this tariff. All such terminal equipment shall be registered by the Federal Communications Commission pursuant to Part 68 of Title 47, Code of Federal Regulations, and all User-provided wiring shall be installed and maintained in compliance with those regulations
- 2 4 3 4 Users may interconnect communications facilities that are used in whole or in part for interstate communications to services provided under this tariff only to the extent that the user is an "end user" as defined in Section 69.2(m), Title 47, Code of Federal Regulations (1992 edition)

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REGULATIONS

2 4 Customer Equipment and Channels (Cont'd)

2 4 4 Inspections

- 2 4 4 1 Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2 4 2 2 for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment
- 2 4 4 2 If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.

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REGULATIONS

2 5 Payment Arrangements

2 5 1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer and to all Users authorized by the Customer, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons

2 5 2 Billing and Collection of Charges

2 5 2 1 Non-recurring charges are due and payable from the Customer within 15 days after the invoice date

2 5 2 2 The Company shall present invoices for Recurring Charges monthly to the Customer, in advance of the month in which service is provided, and Recurring Charges shall be due and payable within 15 days after the invoice date Usage charges will be billed after the month in which the charges are incurred Charges will be due and payable within 15 days after the invoice date

2 5 2 3 When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis For this purpose, every month is considered to have 30 days

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REGULATIONS

2 5 Payment Arrangements (Cont'd)

2 5 2 Billing and Collection of Charges (Cont'd)

- 2 5 2 4 Billing of the Customer by the Company will begin on the Service Commencement Date, which is the first day following the date on which the Company notifies the Customer that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.
- 2 5 2 5 If any portion of the payment is received by the Company after the date due, or if any portion of the payment is received by the Company in funds which are not immediately available upon receipt, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the date due, multiplied by a late factor of 1.5% per month.
- 2 5 2 6 Minimum Monthly Call Revenue - Winstar invoice includes a minimum charge of \$25.00 per month, which is identified as the Minimum Monthly Call Revenue ("MMCR"). Charges incurred for Winstar local and/or long distance per minute usage are combined together and contribute toward reaching the MMCR. Unless otherwise indicated, MMCRs are calculated on a per account basis. In the event that Customer's contributing Winstar services do not meet the MMCR, an Account Maintenance Fee, equal to the difference between the MMCR and total contributing charges, is assessed.

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REGULATIONS**2 5 Payment Arrangements (Cont'd)****2 5 3 Advance Payments**

To safeguard its interests, the Company may require a Customer to make an advance payment before services and facilities are furnished where special construction is involved. The advance payment will not exceed an amount equal to the non-recurring charges for the service or facility. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated non-recurring charges for the special construction and recurring charges (if any) for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's initial bill. An advance payment may be required in addition to a deposit.

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REGULATIONS

2 5 Payment Arrangements (Cont'd)

2 5 4 Deposits

2 5 4 1 To safeguard its interests, the Company may require a Customer to make a deposit to be held as a guarantee for the payment of charges. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. The deposit will not exceed an amount equal to

A two month's charges for a service or facility which has a minimum payment period of one month, or

B The charges that would apply for the minimum payment period for a service or facility which has a minimum payment period of more than one month, except that the deposit may include an additional amount in the event that the termination charge is applicable

2 5 4 2 A deposit may be required in addition to an advance payment

2 5 4 3 When a service or facility is discontinued, the amount of a deposit, if any, will be applied to the Customer's account and any credit balance remaining will be refunded. Before the service or facility is discontinued, the Company will refund the deposit or credit it to the Customer's account

2 5 4 4 Deposits held will accrue interest at a rate specified by the Tennessee Public Service Commission

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REGULATIONS

2 5 Payment Arrangements (Cont'd)

2 5 5 Discontinuance of Service

- 2 5 5 1 Upon nonpayment of any amounts owing to the Company, the Company may, by giving ten days' prior written notice to the Customer, discontinue or suspend service without incurring any liability
- 2 5 5 2 Upon violation of any of the other material terms or conditions for furnishing service the Company may, by giving 30 days' prior notice in writing to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period
- 2 5 5 3 Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability

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REGULATIONS

2 5 Payment Arrangements (Cont'd)

2 5 5 Discontinuance of Service (Cont'd)

- 2 5 5 4 Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability
- 2 5 5 5 Upon any governmental prohibition or required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability
- 2 5 5 6 Upon the Company's discontinuance of service to the Customer under Section 2 5 5 1 or 2 5 5 2, the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges which would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer to be immediately due and payable (discounted to present value at six percent)

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REGULATIONS**2 5 Payment Arrangements (Cont'd)****2 5 6 Cancellation of Application for Service**

- 2 5 6 1 Applications for service are non-cancellable unless the Company otherwise agreed. Where the Company permits customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.
- 2 5 6 2 Where, prior to cancellation by the customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the customer had service begun (all discounted to present value at six percent).
- 2 5 6 3 Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred, less net salvage, applies. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.
- 2 5 6 4 The special charges described in 2 5 6 1 through 2 5 6 3 will be calculated and applied on a case-by-case basis.
- 2 5 6 5 If customer cancels a Service Order or terminates services before the completion of the term for any reason whatsoever other than a service interruption (as defined in Section 2 6 1), customer agrees to pay to Company the following sums which shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in Section 2 5 2: all costs, fees and expenses reasonably incurred in connection with all non-recurring charges reasonably expended by Company to establish service to customer, plus any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of customer, plus all recurring charges as agreed to between customer and Company pursuant to tariff and applicable service order for the balance of the then current term. Any promotional discounts received by customer must be paid by customer at the non-promotional tariffed rate.

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REGULATIONS

2 5 Payment Arrangements (Cont'd)

2 5 7 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly

2 5 8 Taxes

The Customer is responsible for the payment of Federal excise taxes, state and local sales and use taxes and similar taxes imposed by governmental jurisdictions, all of which shall be separately designated on the Company's invoices

2 5 9 Disputed Bills

The Customer shall notify the Company of any disputed items on an invoice within 30 days of receipt of the invoice. Customer has the option to address concerns with the Tennessee Regulatory Authority

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Or the Customer may reach the Company through its Consumer Assistance Hotline at 888-961-8800

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REGULATIONS

2 6 Allowances for Interruptions in Service

Interruptions in service, which are not due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer or the operation or malfunction of the facilities, power or equipment provided by the Customer, will be credited to the Customer as set forth in 2 6 1 for the part of the service that the interruption affects

2 6 1 Credit for Interruptions

2 6 1 1 A credit allowance will be made when an interruption occurs because of a failure of any component furnished by the Company under this tariff. An interruption period begins when the Customer reports a service, facility or circuit to be interrupted and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

2 6 1 2 For calculating credit allowances, every month is considered to have 30 days. A credit allowance for fixed recurring fees only is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.

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REGULATIONS**2 6 Allowances for Interruptions in Service (Cont'd)****2 6 1 Credit for Interruptions (Cont'd)**

2 6 1 3 A credit allowance will be given for interruptions of 30 minutes or more. Credit allowances shall be calculated as follows:

Interruptions of 24 Hours or Less

<u>Length of Interruption</u>	<u>Interruption Period To Be Credited</u>
Less than 30 minutes	None
30 minutes up to but not including 3 hours	1/10 Day
3 hours up to but not including 6 hours	1/5 Day
6 hours up to but not including 9 hours	2/5 Day
9 hours up to but not including 12 hours	3/5 Day
12 hours up to but not including 15 hours	4/5 Day
15 hours up to but not including 24 hours	One Day

Two or more interruptions of 15 minutes or more during any one 24-hour period shall be considered as one cumulative interruption.

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REGULATIONS

2 6 Allowances for Interruptions in Service (Cont'd)

2 6 1 Credit for Interruptions (Cont'd)

2 6 1 3 (Cont'd)

Interruptions Over 24 Hours and Less Than 72 Hours

Interruptions over 24 hours and less than 72 hours will be credited 1/5 day for each 3-hour period or fraction thereof No more than one full day's credit will be allowed for any period of 24 hours

Interruptions Over 72 Hours

Interruptions over 72 hours will be credited 2 days for each full 24-hour period No more than 30 days credit will be allowed for any one month period

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REGULATIONS

2 6 Allowances for Interruptions in Service (Cont'd)

2 6 2 Limitations on Allowances

No credit allowance will be made for

- 2 6 2 1 interruptions due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer, authorized user, joint user, or other common carrier providing service connected to the service of the Company,
- 2 6 2 2 interruptions due to the negligence of any person other than the Company, including but not limited to the Customer or other common carriers connected to the Company's facilities, except when contracted by the Company,
- 2 6 2 3 interruptions due to the failure or malfunction of non-Company equipment, except when contracted by the Company,
- 2 6 2 4 interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions,
- 2 6 2 5 interruptions of service during a period in which the Customer continues to use the service on an impaired basis,
- 2 6 2 6 interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements, and
- 2 6 2 7 interruption of service due to circumstances or causes beyond the reasonable control of Company

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REGULATIONS

2 6 Allowances for Interruptions in Service (Cont'd)

2 6 3 Cancellation For Service Interruption

Cancellation or termination for service interruption is permitted only if any circuit experiences a single continuous outage of 8 hours or more or cumulative service credits equaling 16 hours in a continuous 12-month period. The right to cancel service under this provision applies only to the single circuit which has been subject to the outage or cumulative service credits.

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REGULATIONS**2 7 Use of Customer's Service by Others****2 7 1 Resale and Sharing**

Any service provided under this tariff may be resold to or shared with other persons at the option of Customer, subject to compliance with any applicable laws Tennessee Regulatory Authority regulations governing such resale or sharing Customer remains solely responsible for all use of services ordered by it or billed to its telephone number(s) pursuant to this tariff, for determining who is authorized to use its services, and for notifying the Company of any unauthorized use

2 7 2 Joint Use Arrangements

Joint use arrangements will be permitted for all services provided under this tariff From each joint use arrangement, one member will be designated as the Customer responsible for the manner in which the joint use of the service will be allocated The Company will accept orders to start, rearrange, relocate, or discontinue service only from the Customer Without affecting the Customer's ultimate responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it

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REGULATIONS

2 8 Cancellation of Service

If a Customer cancels a Service Order or terminates services before the completion of the term for any reason whatsoever other than a service interruption (as defined in 2 6 1 above), Customer agrees to pay to Company the following sums which shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in 2 5 2 all costs, fees and expenses reasonably incurred in connection with

2 8 1 all Non-Recurring charges reasonably expended by Company to establish service to Customer, plus

2 8 2 any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus

2 8 3 all Recurring Charges specified in the applicable Service Order Tariff for the balance of the then current term

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REGULATIONS

2.9 Transfers and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties (a) to any subsidiary, parent company or affiliate of the Company, (b) pursuant to any sale or transfer of substantially all the assets of the Company, or (c) pursuant to any financing, merger or reorganization of the Company

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REGULATIONS

2 10 Notices and Communications

- 2 10 1 The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed
- 2 10 2 The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill
- 2 10 3 All notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U S Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first
- 2 10 4 The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein

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REGULATIONS

2 11 Operator Services Rules

2 11 1 The Company will enforce the following operator service rules

A provider of intrastate operator assisted communications services must

- 2 11 1 1 identify itself at the time the end-user accesses its services,
- 2 11 1 2 upon request, quote all rates and charges for its services to the end-user accessing its system,
- 2 11 1 3 arrange to have posted in plain view at each telephone location which automatically accesses the operator service provider's network and where its services are made available to the public or transient end-users
 - A the operator service provider's name and address,
 - B bill and service dispute calling information including the operator service provider's dispute resolution phone number,
 - C clear and specific instructions informing the end-user how to access a local exchange telephone company operator as an alternative available to the end-user, and
 - D notice concerning any and all amounts to be billed by the operator services provider on behalf of any host location or third party which will appear on the operator service provider's bill for services rendered

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REGULATIONS

2 11 Operator Services Rules (Cont'd)

2 11 1 3 (Cont'd)

- E** in instances when the provider is unable to complete the call and it requires transfer to another telephone corporation which may affect the rates and charges applicable to the telephone bill, inform the caller of the transfer and its possible effect on the applicable rates and charges, before any charges are incurred, and
- F** in the case of such transfer, the telephone corporation or provider to which the call is transferred shall identify itself and inform the caller of the transfer's effect on the applicable rates and charges, before any charges are incurred

2 11 2 The Company will comply with the following provisions

Providers of intrastate operator assisted communications services shall not take any action or enter into any arrangement which restricts end-user selection among competing interexchange telephone corporations or end users access to competing providers of intrastate operator assisted communications services, or pay any commissions or other compensation to any entity engaged in such action or arrangement

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APPLICATION OF RATES

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APPLICATION OF RATES

3 1 Introduction

The regulations set forth in this section govern the application of rates for services contained in other sections of this tariff

3 2 Charges Based on Duration of Use

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply

3 2 1 Calls are measured in durational increments identified for each service. All calls which are fractions of a measurement increment are rounded-up to the next whole unit.

3 2 2 Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s). Timing for operator service person-to-person calls start with completion of the connection to the person called or an acceptable substitute, or to the PBX station called.

3 2 3 Timing terminates on all calls when the calling party hangs up or the Company's network receives an off-hook signal from the terminating carrier.

3 2 4 Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.

3 2 5 All times refer to local time.

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APPLICATION OF RATES

3 3 Rates Based Upon Distance

Where charges for a service are specified based upon distance, the following rules apply

- 3 3 1 Distance between two points is measured as airline distance between the Rate Centers of the originating and terminating telephone lines. The Rate Center is a set of geographic coordinates, as referenced in National Exchange Carrier Association, Inc. Tariff FCC No 4 FCC Access Services Tariff, associated with each NPA-NXX combination (where NPA is the area code and NXX is the first three digits of a seven-digit telephone number). Where there is no telephone number associated with an access line on the Company's network (such as a dedicated 800 or WATS access line), the Company will apply the Rate Center of the Customer's main billing telephone number.

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APPLICATION OF RATES

3 3 Rates Based Upon Distance (Cont'd)

3 3 2 The airline distance between any two Rate Centers is determined as follows

3 3 2 1 Obtain the "V" (vertical) and "H" (horizontal) coordinates for each rate Center from the above-referenced NECA tariff

3 3 2 2 Compute the difference between the "V" coordinates of the two rate centers, and the difference between the two "H" coordinates

3 3 2 3 Square each difference obtained in step (b) above

3 3 2 4 Add the square of the "V" difference and the square of the "H" difference obtained in step (c) above

3 3 2 5 Divide the sum of the squares by 10 Round to the next higher whole number if any fraction is obtained

3 3 2 6 Obtain the square root of the whole number result obtained above Round to the next higher whole number if any fraction is obtained This is the airline mileage

3 3 2 7 Formula =

$$\sqrt{\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}}$$

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MESSAGE TOLL SERVICE

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MESSAGE TOLL SERVICE

4 1 Description

4 1 1 Switched MTS

enables users of Company-provided exchange access services to place calls to any station on the public switched telecommunications network bearing an NPA/NXX designation associated with points outside the Customer's local calling area, but within the State of Tennessee

4 1 2 Dedicated MTS

enables a user of an exchange access line provided by the Company or another certificated local exchange carrier, which has been pre-subscribed to the Company to originate and receive calls on the public switched telecommunications network within the State of Tennessee. Calls to stations bearing an NPA/NXX designation associated with a point outside the Customer's LATA may be placed by dialing 1+ the 10-digit number. Calls to stations bearing an NPA/NXX designation associated with a point inside the Customer's LATA may be placed by dialing 10 XXX + the 10-digit telephone number.

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MESSAGE TOLL SERVICE**4 2 Rates**

All rates are per minute unless otherwise indicated

4 2 1 Month-to-Month

Switched	\$0 159
Dedicated	\$0 119

4 2 2 One-Year Commitment

Switched	\$0 157
Dedicated	\$0 117

4 2 3 Two-Year Commitment

Switched	\$0 155
Dedicated	\$0 115

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TOLL FREE SERVICE

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TOLL FREE SERVICE**5 1 Description**

800/888 Service provides the Customer with a telephone number within the 800/888 NPA, enabling the Customer or User to receive incoming calls to that number which originate from any station on the public switched telecommunications network within the State of Tennessee. All charges for incoming 800/888 calls are billed to the Customer.

PIN 800/888 Service is identical to the Company's 800/888 Service, except that a Company-provided Personal Identification Number (PIN) is required to access the Customer's 800/888 service.

5 2 Rates

All rates are per minute unless otherwise indicated.

5 2 1 Month-to-Month

Switched	\$0.159
Dedicated	\$0.119

5 2 2 One-Year Commitment

Switched	\$0.157
Dedicated	\$0.117

5 2 3 Two-Year Commitment

Switched	\$0.155
Dedicated	\$0.115

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MISCELLANEOUS SERVICES

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MISCELLANEOUS SERVICES

6 1 Operator Services

6 1 1 Description

Operator Handled Calling Services are provided to Customers and Users of Company-provided Exchange Access Services, and to Customers and Users of exchange access lines which the Customer has pre-subscribed to the Company's Pre-Subscribed MTS

6 1 2 Definitions

Person-to-Person

Calls completed with the assistance of a Company operator to a particular person, station, department, or PBX extension specified by the calling party Charges may be billed to the Customer's commercial credit card and/or LEC calling card, calling station, called station, or a designated thirty-party station

Collect Call

Calls completed with the assistance of a Company Operator for which charges are billed, not to the originating telephone number, but to the destination or terminating telephone number

Operator Dialed Charge

The end user places the call without dialing the destination number, although the capability to do it himself exists The end user will dial "0" for local calls and "00" for long distance calls and then requests the operator to dial the called station

Billed to Non-Proprietary Calling Card or Commercial Credit Card

Refers to calls that are dialed by the customer in accordance with standard dialing instructions and billed to a non-proprietary calling card issued by another carrier or commercial credit card

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MISCELLANEOUS SERVICES**6 1 Operator Services (Cont'd)****6 1 3 Rates**

Local exchange, IntraLATA, and InterLATA calls may be placed on an Operator Assisted basis

OPERATOR SERVICE USAGE RATES

(All rates are per minute, unless otherwise indicated)

	<u>Day</u>		<u>Evening</u>		<u>Night/Weekend</u>	
	<i>First</i>	<i>Additional</i>	<i>First</i>	<i>Additional</i>	<i>First</i>	<i>Additional</i>
<i>Mileage</i>						
0-10	\$0 1199	\$0 1199	\$0 0999	\$0 0999	\$0 0699	\$0 0699
11-22	\$0 1299	\$0 1299	\$0 1099	\$0 1099	\$0 0699	\$0 0699
23-55	\$0 1899	\$0 1899	\$0 1199	\$0 1199	\$0 0699	\$0 0699
56-124	\$0 1990	\$0 1990	\$0 1299	\$0 1299	\$0 1180	\$0 1180
125-430	\$0 2099	\$0 2099	\$0 1399	\$0 1399	\$0 1199	\$0 1199
431+	\$0 2199	\$0 2199	\$0 1475	\$0 1475	\$0 1280	\$0 1280

In addition to the usage charges identified above, the following operator-assisted charges will apply

Per Call Charges

Person-to-Person	\$3 00
Collect Call	\$1 94
Operator Dialed Charge (applies in addition to other operator charges)	\$1 00

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MISCELLANEOUS SERVICES

6 1 Operator Services (Cont'd)

6 1 3 Rates (Cont'd)

Billed to Non-Proprietary Calling Card \$1 94
or Commercial Credit Card
(additional surcharge)

Billed to Domestic Third Party \$1 94

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MISCELLANEOUS SERVICES

6 2 Busy Line Verify and Line Interrupt Service

[THIS SERVICE IS NOT AVAILABLE AT THIS TIME]

6 2 1 Description

Upon request of a calling party the Company will verify a busy condition on a called line

6 2 1 1 The operator will determine if the line is clear or in use and report to the calling party

6 2 1 2 The operator will interrupt the call on the called line only if the calling party indicates an emergency and requests interruption

6 2 2 Regulations

6 2 2 1 A charge will apply when

A The operator verifies that the line is busy with a call in progress

B The operator verifies that the line is available for incoming calls

C The operator verifies that the called number is busy with a call in progress and the customer requests interruption. The operator will then interrupt the call, advising the called party the name of the calling party. One charge will apply for both verification and interruption.

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MISCELLANEOUS SERVICES

6 2 Busy Line Verify and Line Interrupt Service (Cont'd)

6 2 2 Regulations (Cont'd)

6 2 2 2 No charge will apply

**A When the calling party advises that the call is to or from an official public
emergency agency**

B Under conditions other than those specified in 6 2 2 preceding

**6 2 2 3 Busy Verification and Interrupt Service is furnished where and to the extent that facilities
permit**

**6 2 2 4 The Customer shall identify and save the Company harmless against all claims that may arise
from either party to the interrupted call or any person**

6 2 3 Rates

**Busy Line Verify Service Not Available
(each request)**

**Busy Line Verify and Busy Line No Available
Interrupt Service (each request)**

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MISCELLANEOUS SERVICES6 3 Directory Assistance6 3 1 Description

Customers and Users of the Company's calling services (excluding 800 services), may obtain directory assistance in determining telephone numbers within the State of Tennessee by calling the Directory Assistance operator

6 3 2 Rates

6 3 2 1 Directory Assistance charges apply for all requests for which the Company's facilities are used Each number requested is charged for as shown below Requests for information other than telephone numbers will be charged the same rate as shown for the applicable request for telephone numbers

	<u>Local</u>	<u>All Other</u>
Per Number Requested	No Charge	No Charge

6 3 2 2 A credit will be given for calls to Directory Assistance when

- the Customer experiences poor transmission or is cut-off during the call,
- the Customer is given an incorrect telephone number, or

To receive a credit, the customer must notify the Company operator or Business Office of the problem experienced

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MISCELLANEOUS SERVICES**6 4 Travel Card Service****6 4 1 Description**

Winstar Travel Card Service is provided to Customers for use when away from their established service location. Access to the service is gained by dialing a Company-designated access number, plus the Customer's Winstar Travel Card authorization number and the destination number. The Winstar Travel Card can be used to place operator-assisted and directory assistance calls, subject to any applicable additional charges as set forth herein.

6 4 2 Rates**Standard Usage Charges**

Per Minute \$0.23

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SPECIAL ARRANGEMENTS

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SPECIAL ARRANGEMENTS

7.1 **Individual Case Basis (ICB) Arrangements**

Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service not generally offered under this tariff. Rates quoted in response to such competitive requests may be different than those specified for such services in this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis. Any such contracts are subject to the review of the Authority.

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SPECIAL ARRANGEMENTS

7.2 Temporary Promotional Programs

The Company may establish temporary promotional programs wherein it may waive or reduce non-recurring or recurring charges, to introduce present or potential Customers to a service not previously received by the Customers. All such programs will be subject to the approval of the Tennessee Regulatory Authority.

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PROMOTIONAL OFFERINGS

Any customer who contracts with WinStar to provide service between the effective date of this Tariff page (date can be found at the bottom of the page) and 12 00 midnight on xx, shall receive the rates shown below

Month-to-Month*		One Year Commitment*		Two Year Commitment*	
Switched	Dedicated	Switched	Dedicated	Switched	Dedicated
\$0 159	\$0 119	\$0 115	\$0 070	\$0 113	\$0 068

*All rates are per minute unless otherwise indicated

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FRAME RELAY SERVICES AND RATES**Frame Relay Services****9.1 Frame Relay WAN**

Winstar provides two Port methods to access its network, Dedicated Line and Local Access and also offers Network Port Speeds that range from 56 kbps to T1 to provide a selection of access options and prices

Dedicated Line Access - direct access from the Customer's premises to Winstar's Frame Relay switch using private lease lines forming logical circuits which define the dedicated connection between the two points. Both PVC line and Port access charges apply when utilizing this method of access.

PVC - also referred to as Permanent Virtual Connection (PVC). PVC is a service that establishes a fixed path between data terminal equipment.

Local Access - indirect access from the Customer's premises through a Local Exchange Carrier's (LEC) Frame Relay network to Winstar's Frame Relay switch. The connection is a pass through common port facility which Customer's share access, thereby reducing their access charges. The connection is made through a Network-to-Network Interface (NNI), which connects the Company's port to the LEC's via a single path. Both PVC line and Port access charges apply when utilizing this method of access.

Port Charges are the charges billed to the Customer for access into the network.

The Frame Relay Network provides continuous monitoring and fault Management to ensure network availability and performance twenty-four (24) hours a day, seven (7) days a week. Winstar also provides a Customer Care Center to ensure consistent quality of service and issue resolution.

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FRAME RELAY SERVICES AND RATES**9 Frame Relay Services****9 2 Frame Relay Access Port Charges**

Port Speed	Monthly Recurring Charges	Port Installation Charge*	Port Change Charges*
56/64 kbps	\$146 20	\$200 00	\$100 00
128 kbps	\$326 88	\$250 00	\$100 00
256 kbps	\$562 92	\$250 00	\$100 00
384 kbps	\$832 91	\$250 00	\$100 00
512 kbps	\$911 46	\$250 00	\$100 00
768 kbps	\$1,050 54	\$250 00	\$100 00
1024 kbps	\$1,161 82	\$250 00	\$100 00
1536 kbps	\$1,305 00	\$250 00	\$100 00
Greater than 1536 kbps	ICB	ICB	ICB

* Port Installation Charge, Port Change Charge, PVC Change Charge, and PVC Installation Charge are non-recurring charges that apply to new installations or changes in Port size, additions, deletions, or logical connection changes

** CIR -Committed Information Rate is the Customer's application insurance, as it can set the amount of guaranteed minimum throughput their applications require

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FRAME RELAY SERVICES AND RATES**9 Frame Relay Services****9 3 Frame Relay Permanent Virtual Connections (PVC)**

PVC CIR**	Monthly Charges	PVC Installation Charges	PVC Change
4 kbps	\$6 80	\$20 00	\$25 00
8 kbps	\$13 60	\$20 00	\$25 00
16 kbps	\$27 20	\$20 00	\$25 00
32 kbps	\$54 50	\$6 80	\$25 00
48 kbps	\$81 60	\$20 00	\$25 00
64 kbps	\$108 80	\$20 00	\$25 00
128 kbps	\$217 60	\$20 00	\$25 00
192 kbps	\$326 40	\$20 00	\$25 00
256 kbps	\$435 20	\$20 00	\$25 00
320 kbps	\$544 40	\$20 00	\$25 00
384 kbps	\$652 80	\$20 00	\$25 00
448 kbps	\$761 60	\$20 00	\$25 00
512 kbps	\$870 40	\$20 00	\$25 00
576 kbps	\$979 20	\$20 00	\$25 00
640 kbps	\$1,088 80	\$20 00	\$25 00
704 kbps	\$1,196 80	\$20 00	\$25 00
768 kbps	\$1,305 00	\$20 00	\$25 00
832 kbps	\$1,414 40	\$20 00	\$25 00
896 kbps	\$1,523 20	\$20 00	\$25 00
960 kbps	\$1,632 00	\$20 00	\$25 00
1024 kbps	\$1,740 80	\$20 00	\$25 00

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